

OPERATION RESULTS OF THE CROATIAN PRIVATIZATION FUND (CPF) IN THE PERIOD FROM I - IX 2004.

The Croatian Privatization Fund (hereinafter - Fund) keeps its accounts on the basis of the Decree on Accountancy of Non-profit Organizations and Rules on Book-keeping and Account Plan of Non-profit Organizations. In preparation of the basic financial statements applied is the modified principle of event occurrence, meaning that only collected revenues are recognized as revenues of the period, i.e. expenditures are only the paid expenses.

1. REVENUES + INFLOWS

A REVENUES

Revenues of the Fund as per Article 10. of the Law on the Fund are:

- dividends on shares i.e. business interests owned by the Fund
- revenues from the sale and lease of state property transferred to the Fund
- funds transferred to the Fund on finalization of bankruptcy or liquidation procedure
- other revenues in compliance with the Law

In the period of I - IX 2003 total realized revenue amounted to **Kn 105.796.237,00** and in the same period of 2004 realized revenues amounted to **Kn 76.179.598,00** which represents a decrease of 28 %.

B FUNDS FROM THE SALE OF SHARES AND BUSINESS INTERESTS FROM THE PORTFOLIO OF THE CPF

Realized inflow from the sale of shares and interests paid to the accounts of the CPF (Kuna and foreign currency account) in the period of I - IX 2003 amounted to **Kn 76.778.403,00**, while in the same period of 2004 it amounts to **Kn 76.873.995,00**.

C COVERAGE OF EXPENDITURES FROM THE FUNDS FROM THE SALE OF SHARES

If revenues are not sufficient for coverage of operation costs, the Fund uses funds for incorporation and activity of the Fund and in compliance with the Article 10. of the Law on the CPF they consist of:

- shares i.e. business interests transferred to the Fund
- fund realized by the sale of shares i.e. interests of the Fund in companies
- loans.

In the period of I - IX 2004 realized revenue exceeds incurred expenses by Kn 36.048.779,00 and for coverage of operation costs Fund did not use funds from the sale of shares and interests.

D TRANSFER OF SHARES AND BUSINESS INTERESTS FROM THE PORTFOLIO OF THE CPF FREE OF CHARGE

On the basis of Resolutions of the Government of the Republic of Croatia and the Law on Execution of the State Budget the CPF has in the period of I - IX 2004 transferred to the Ministry of the Sea, Tourism, Transport and Development shares in 199 joint-stock companies, with total nominal value of **Kn 269.582.919,00**. Shares were sold on Varaždin Stock Exchange and realized sale price amounts to **Kn 84.285.683,00**.

E THE SALE OF SHARES ON BEHALF AND FOR THE ACCOUNT OF OTHER STATE HOLDERS IN YEAR 2004

In accordance with the program of the Government of the Republic of Croatia and Conclusions of the Government of the Republic of Croatia as from 01.06.2000 the CPF has for successful management of shares concluded agreements with other state shareholders, DAB- State Agency for Bank Rehabilitation, HZMO - Croatian Pension Insurance Institute, INA, Croatia Woods, Croatia Airlines and other.

From the sale of shares on behalf and for the account of other state holders in the period of I - IX 2004 collected was the aggregate amount of **Kn 40.302.500,00**.

Funds realized by the sale of shares on behalf and for the account of other state holders are not included in revenue and inflows of the CPF but are transferred to the accounts of respective shareholders.

2. OPERATION COSTS

For the performance of tasks on the basis of the Law on Transformation of Socially-owned Enterprises and Privatization Law as on the 30.09.2004 the Fund had 195 employees. For salaries and coverage of other costs related to the operation of the Fund in the period I-IX of the year 2004 spent was **Kn 40.130.819,00**.

BALANCE SHEET

as on 30.09.2004.

in kn

Position No.	Position name	Balance as on 30.09.2004.	Balance as on 30.09.2003.
	ASSETS	23.076.993.682	23.419.046.886
	Long-term assets (1+2+3+4+5+6+7+8)	22.401.123.053	22.817.101.477
1	Intangible assets	7.645	21.309
2	Tangible assets	66.622.995	66.474.939
3	Investment in course	104.066	2.288.382
4	Financial assets	20.872.252.520	20.903.195.776
5	Receivables from purchasers of shares	1.059.862.224	1.070.259.121
6	Real estate at disposal of CPF	82.819.422	88.201.409
7	Other receivables (HŽ and HEP)	319.414.579	686.660.541
8	Advance payments	39.602	-

Short-term assets (1+2+3+4+5+6+7)		675.870.629	601.945.409
1	Outstanding debts of purchasers	1.974.342	1.884.426
2	State and other institutions outstanding debts	-	4.601
3	Outstanding debts of employees	126.136	23.894
4	Outstanding sums for advance payments	161.264	187.783
5	Financial assets (short-term loans)	562.912.154	567.206.617
6	Other outstanding debts	107.895.110	2.448.186
7	Money on account and at hand	2.801.623	30.189.902

LIABILITIES		23.076.993.682	23.419.046.886
Accounts payable (1+2+3+4+5+6)		1.912.819.033	1.848.610.853
1	Long-term liabilities	309.921.496	549.263.394
2	Short-term loans liabilities	1.544.333.875	1.291.750.111
3	Short-term liabilities to suppliers	2.793	387.248
4	Taxes, duties and contributions	452.754	405.351
5	Short-term liabilities to employees	722.377	716.930
6	Other short-term liabilities	57.385.738	6.087.819

Funding sources (1+2+3)		21.164.174.649	21.570.436.033
1	Capital assets fund	66.734.706	68.784.630
2	Other funding sources - social capital	20.521.865.662	20.984.762.940
3	Balance of the Fund	575.574.281	516.888.463

INCOME AND EXPENDITURE ACCOUNT

as on 30.09.2004.

in kn

Position No.	Position name	Balance as on 30.09.2004.	Balance as on 30.09.2003.
REVENUES			
1	Other revenues	76.179.598	105.796.237
	Revenues from dividends	47.499.761	49.101.038
	Revenues from bankruptcies	2.989.482	34.222.430

	Revenues from issued certificates for real estates	386.446	625.393
	Revenues from sale and lease of the real estate	22.252.699	17.608.847
	Other revenues	3.051.210	4.238.529
	TOTAL REVENUE (A)	76.179.598	105.796.237
	EXPENDITURE	40.130.819	40.571.023
1	Material costs	13.462.186	11.881.305
	Material costs	320.429	372.073
	Energy	507.362	611.869
	Services	12.634.395	10.897.363
2	Personal Costs	21.851.471	21.060.583
	Salaries and compensations	21.851.471	21.059.412
	Other personal costs	-	1.171
3	Non-material costs	3.753.792	3.487.033
4	Investment expenditures	442.306	3.394.686
5	Other expenditures	621.064	747.416
	TOTAL EXPENDITURE (B)	40.130.819	40.571.023
	SURPLUS INCOME	36.048.779	65.225.214
	INCOME DEFICIT	-	-